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KP blames Centre's 'bad decisions' for fiscal strain

• Muzzammil rails against 27th Amendment push, calls its timing 'bad signal' • Says federal 'miscalculations', not NFC, drove debt, interest surge
• Insists Centre's 'lust for money' won't end even if provincial shares are cut

By Khaleeq Kiani

ISLAMABAD: Dismissing the Centre's claim of fiscal constraints necessitating a readjustment of resource sharing through the proposed 27th Constitutional Amendment, the Khyber Pakhtunkhwa government has instead demanded accountability for the federal government's "bad economic decisions" that have led to a huge buildup in interest payments.

Speaking at a news conference, KP's Finance Minister Muzzammil Aslam smelled a rat behind the 27th Constitutional Amendment, which he said was being introduced at a time when the National Finance Commission (NFC) had been constituted and its meeting repeatedly scheduled and deferred.

"It's a bad signal," he said, adding that the NFC meeting was slated for August, then fixed for September and then postponed to November.

He said a tentative date was conveyed for Nov 10, but revised to Nov 18 due to 'someone's non-availability', but even the revised schedule has not been notified yet, raising question marks.

"On the one hand, you are calling the NFC meeting and, on the other, you are talking about a constitutional amendment to reduce NFC shares," he said.

Mr Aslam said the entire narrative for removing protection of provincial shares in the National Finance Commission through the 27th Amendment was based on a wrong premise that more than 57.5 per cent of finances out of Rs14.131 trillion federal proceeds flowed to the provinces, leading only 42pc for the federal government to cater for interest payments and other responsibilities.

"This is intellectual dishonesty," he said, adding that 100pc of more than Rs5.147tr worth of non-tax revenues were retained by the Centre.

The total federal resources, including tax and non-tax revenues, thus worked out to Rs19.278tr in FY26, of which only Rs8.2tr or 42.7pc was earmarked to provinces, leaving a massive Rs11.072tr or more than 57pc with the federal government.

Mr Aslam said the Centre had by design imposed Rs1.5tr worth of petroleum development levy instead of general sales tax to deprive provinces of their legitimate fiscal right, while over Rs2.5tr profit of the State Bank of Pakistan was also not shared with provinces.

In addition, the KP government was not getting the rightful fiscal share on account of the merged tribal districts, he added.

He said the NFC shares should be revised vertically to see if 42pc federal share was justified while it was trying to reclaim education, population and social welfare sectors from the provinces even as it claims to be reducing the government's footprint under the IMF programme.

He lamented that the wheat flour movement to KP was being blocked or discouraged in violation of Article 151 of the Constitution, while 90pc of the Rs700bn subsidy on fertiliser was being spent in Punjab and Sindh.

He said the total budgeted expenditure of the federation amounted to Rs17.583tr, which should ensure at least 20pc funds (Rs3.5tr) for the development programme to improve citizens' living standards, but only Rs1tr was allocated to development, which too was being reduced to Rs700bn.

This, he said, contradicted the claims of the federal ministers about great successes in the economic field, adding that Rs700bn for development out of more than Rs17.5tr total resources itself explained the situation.

The pertinent question for the federal government was to where all these resources were going given the fact that interest payments at 11pc markup for the current year are estimated at Rs8.2tr compared to Rs8.9tr last year at 22pc markup. "Markup rate has halved but interest payments remain unchanged," he noted.

Mr Aslam said inadequate resources were allocated to the defence budget that stood at Rs2.550tr this year, while Rs1.055tr had been set aside for pensions because pensions of armed forces personnel had also been shifted to the civil budget. He said the Centre's fiscal deficit amounted to around Rs6tr.

"Why is the Centre doling out Rs1.928tr in grants and Rs1.186tr in subsidies when it is facing fiscal constraints?" he questioned, adding that the federal government's "lust for money" would never end even if resources were withdrawn from the provinces.

Mr Aslam said the federal government should be held accountable for its "economic mistakes" and its price should not be charged to the people and the provinces.

Giving an example, he said the federal government adopted a faulty economic policy through lopsided agreements with independent power producers (IPPs) in 2025, which had consumed more than Rs5.1tr payments made from people's pockets.

"Centre could not be allowed to make an economic mistake each year and shift its burden to the people and the provinces," he said.

Likewise, the LNG contracts were made and cargoes were being refused and sold in the market at a loss to the government.

The KP minister said the Centre had acquired more than Rs23.5tr debt in four years but did not spend even Rs4tr on development, which meant it was borrowing for interest payments.

"This demands accountability," he said, adding that the federal debt was being reported at Rs78tr while it was actually Rs94tr as liabilities were not properly being accounted for.

He said the total investment inflow amounted to $447m in the first quarter of the current year, while $751m profits and dividends flowed out, which meant the investment terms were not favourable to Pakistan.

Circular debt rises to Rs1.7tr in Q1

Power Division blames Rs79bn rise on inefficiencies, seasonal factors

By Staff Reporter

ISLAMABAD: The power sector circular debt increased by Rs79 billion in the first quarter (July-September) of the current fiscal year to Rs1.693 trillion, which was scaled down by Rs780 billion last year through capital injections and around Rs1.225 trillion commercial borrowing.

According to a quarterly report released by the Power Division, the new fiscal year began with Rs1.614tr, compared with Rs2.467tr in the same period last year. It said payables to power producers increased to Rs944bn at the close of September, up from Rs861bn at the start of the fiscal year on July 1. The payables to power producers had amounted to Rs1.688tr as of end-September last year.

The report said past debt parked in the Power Holding Company of the Power Division remained unchanged at Rs660bn during the first quarter of the fiscal year. It stood at Rs683bn by the end of the first quarter last year.

The power division reported that circular debt increased by more than Rs170bn due to inefficiencies and inadequate bill recovery by the Distribution Companies (Discos). However, this was significantly lower than the Rs239bn under the same account and period of the last fiscal year.

The report showed that circular debt had increased by Rs73bn in the first quarter of last year, compared to Rs79bn this year. This was despite the fact that the finance ministry had disbursed Rs19bn in budgeted subsidies, compared to Rs28bn in unreleased subsidies during the same period last year. This was on top of Rs178bn in additional recoveries from consumers due to prior-year adjustments.

Excluding the above Rs198bn in additional funds from subsidies and prior-year adjustments, the circular debt would have increased by Rs276bn on account of Rs67bn in interest charges, Rs5bn in pending generation costs, Rs87bn due to distribution companies' inefficiencies, and Rs84bn in under-recoveries.

The report claimed Rs229bn in receivables from K-Electric as of end-September 2025, including a principal amount of Rs42bn and about Rs187bn in markup.

The power division in a statement, however, tried to dispel the impression caused by its own report that an increase in circular debt by Rs79bn in the first quarter of the new fiscal year was a renewed upward trend, contrary to the government's commitment to contain circular debt accumulation.

A Power Division spokesperson said the increase of Rs79bn in the first quarter "should be viewed in full context". It said during the same quarter last year, circular debt had increased by Rs73bn, but by the end of that fiscal year, the overall stock of circular debt was reduced by Rs780bn. "The current quarterly rise is therefore attributable to seasonal and operational factors that typically influence monthly flows and are expected to reverse over the course of the year," he said.

Importantly, Disco's inefficiencies (losses and low recoveries) during July-September were reduced by Rs67bn to Rs171bn, compared to Rs239bn in the same period last year, underscoring the ggovernment's firm commitment to improving operational performance and maintaining financial discipline in the power sector.

Record revenue collected from Sost Dry Port

GILGIT: Pakistan Customs collected a record Rs1.88 billion in revenue from Sost Dry Port during October — the highest monthly collection in the port's history — following the resumption of trade between Pakistan and China through the Khunjerab Pass.

According to Customs officials, trade activity at the border post has returned to full swing after being suspended for several months due to a protest by Gilgit-Baltistan (GB) traders. The strike ended in the last week of September following an agreement between a committee formed by the prime minister and representatives of the GB traders' association.—Jamil Nagri

US DOLLAR	BUYING Rs281.40 SELLING Rs281.90	EURO	BUYING Rs322.72 SELLING Rs325.97
GBP	BUYING Rs366.10 SELLING Rs370.45	UAE DIRHAM	BUYING Rs76.69 SELLING Rs77.46
KSA RIYAL	BUYING Rs74.95 SELLING Rs75.57	GOLD	TOLA Rs419,362 10 GMS Rs359,535

KARACHI: Finance Minister Muhammad Aurangzeb speaks at the 9th Future Summit, organised by Nutshell Group and National Bank of Pakistan in partnership with Faysal Bank and OICCI, on Wednesday.—Dawn

Govt moves to deregulate wheat, sugar sectors

Aurangzeb says market forces to set prices under IMF-backed reform plan

By Shahid Iqbal

KARACHI: The government is preparing to deregulate the wheat and sugar sectors — a key structural reform under the International Monetary Fund's (IMF) Extended Fund Facility — though a formal timeline has yet to be announced.

Finance Minister Muhammad Aurangzeb, speaking at 9th Edition of The Future Summit on Wednesday, said both sectors would be fully deregulated, ending government intervention across the value chain.

"Deregulation has to be end-to-end; it's not possible for the government to control one part of the chain and leave the rest to the market," he said. "The government has to come out of the entire value chain — that's the direction we're heading towards."

The move would shift price determination from state-controlled support rates to market-based mechanisms of supply and demand. Analysts see it as a major step toward improving efficiency in the agriculture sector, which has long been plagued by distortions from subsidies and price controls.

Mr Aurangzeb said Pakistan now had a "golden opportunity" to benefit from shifting global dynamics, with traditional allies including China, the United States, Saudi Arabia and the Gulf Cooperation Council expressing renewed interest in investment.

"They've helped us through bilateral support and funding, and now they are talking about trade and investment," he said, stressing that these opportunities must be led by the private sector. "The government's role is to provide an enabling ecosystem; it's the private sector that will drive growth."

The minister cited recent engagements with the US Chamber of Commerce, the US-Pakistan Business Council and Saudi business leaders as signs of growing investor interest in Pakistan. "Whether it's CPEC Phase 2.0 or new trade opportunities, I'll continue meeting business communities abroad to promote investment and awareness about Pakistan's potential," he added.

Mr Aurangzeb also hinted at broader structural reforms being implemented across ministries, including the use of artificial intelligence in the Federal Board of Revenue to streamline tax processes and improve compliance.

Sindh Chief Minister Syed Murad Ali Shah, the chief guest at the event, underscored the need for innovation and adaptability in governance and industry. "The future belongs to those who adapt fastest to changing technologies," he said. "The public sector will provide the infrastructure, but it is the private sector that must innovate and grow."

Climate Change Minister Musadik Malik, speaking on social and economic inclusivity, said equitable access to opportunities was essential for sustainable growth. "The death of hope is the worst thing, and hope survives only in a competitive environment. Education, values, and equal opportunities are the real drivers of progress," he said.

The summit, attended by policymakers, industry leaders, and business executives, focused on technology-driven growth, investment, and structural reforms as pathways to Pakistan's economic stability.

Cane crushing to begin on Nov 15

By Amin Ahmed

ISLAMABAD: The Sugar Advisory Board (SAB) has decided that the nationwide sugarcane crushing season will commence on Nov 15, Minister for National Food Security and Research Rana Tanveer Hussain announced on Wednesday.

According to a statement from the ministry, the decision followed extensive consultations with provincial governments, the Pakistan Sugar Mills Association (PSMA), cane commissioners, and representatives from the ministries of industries, production and commerce.

Preliminary estimates indicate that sugarcane output for 2025-26 will reach around 85 million tonnes, slightly higher than the previous year's 84m tonnes. The area under cultivation has also expanded by 1.7 per cent to 1.213m hectares from 1.19m hectares last year.

The meeting, chaired by Rana Tanveer, was attended by a PSMA delegation led by Chaudhary Zaka Ashraf, provincial cane commissioners, and officials from relevant ministries. The ministry said the decision aims to prevent delays that could disadvantage growers.

Mr Tanveer warned that strict action would be taken against any mill failing to start operations on time. "Payment of dues to farmers will be ensured before the commencement of crushing. The government is making all decisions in the best interest of farmers to prevent their exploitation," he said.

He added that timely crushing would not only support growers but also ensure a steady and early supply of sugar in the market. "This decision has been taken to protect farmers and guarantee the timely availability of sugar," the minister said.

Manual returns filing deadline extended

Dawn Report

ISLAMABAD: The Federal Board of Revenue (FBR) on Wednesday extended the deadline for taxpayers filing returns through manual forms until Nov 30, citing the need to facilitate a small group of filers who have yet to shift to digital submission.

In a notification, the tax authority reaffirmed its commitment to fully digitising return submissions and discontinuing manual filings. However, it acknowledged that "a small fraction of people" continued to file manually until last year.

"As a special dispensation, it has been decided that a cell in each tax office dealing with such taxpayers will provide all legal and technical support," the FBR said. The extension was granted under Section 214A of the Income Tax Ordinance 2001 to ensure a "smooth completion of the process".

Manual filers have been urged to visit their respective tax offices, where they will receive free assistance in registration and return filing. The FBR also announced that field offices would offer free legal support to these taxpayers this year.

Stocks falter below 160,000 on weak trade data

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) faced another disappointing session on Wednesday, as the benchmark index lost 1,703.54 points, or 1.06 per cent, to close at 159,578.19. Despite an early uptick, the market was hit by profit-taking, pushing the index below the key psychological level of 160,000.

Ali Najib, Deputy Head of Trading at Arif Habib Ltd, described the session as "lacklustre," with the index initially rising to a high of 162,052, a gain of 0.48pc. However, selling pressure quickly took hold, sending the index to a low of 159,217, a 1.28pc decline.

Investor sentiment turned increasingly bearish, fuelled by disappointing economic data. The country's trade deficit for October surged 56pc year-on-year (YoY) to $3.2 billion, despite a slight improvement from September's figures. For the July-October period of FY26, the cumulative trade deficit widened by 38pc YoY, reaching $12.58bn, up from $9.12bn last year. Analysts attribute this sharp rise to a combination of increasing imports and falling exports, which continue to strain Pakistan's external account.

The sectors hardest hit were fertiliser, banking, cement, and technology, with major index heavyweights such as Fauji Fertiliser, Engro Corporation, Lucky Cement, Meezan Bank, and Systems Ltd contributing significantly to the decline. Collectively, these stocks shaved off 902 points from the benchmark.

Volume remained low, with total turnover dropping 4.35pc to 860.2 million shares. The trading value stood at Rs34.8bn, with K-Electric (KEL) leading the volume charts, surpassing 100 million shares.Over the past week, the index has fallen below its consolidation range of 160,000-170,000, raising concerns about the weakening buying momentum. Market analysts suggest that 156,733 points — the level seen on Oct 30 — is now a crucial support level. If this support is breached, the market risks falling further. The absence of fresh market triggers after the corporate earnings season has also contributed to the market's pessimistic outlook.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
Unilever Foods	446.71	Rafhan Maize	80.96	K-Electric	100.02
Khyber Textile	102.57	Pakistan Tobacco	50.33	Hascol Petroleum	66.46
Pakistan Services	67.38	Nestle Pakistan	47.05	WorldCall Telecom	45.57
The Thal Industries	40.00	Ismail Industries	44.98	Telecard Ltd	39.44
ZIL Ltd	27.84	Colgate-Palmolive	34.79	Quice Food Ind	39.16

(Share values in rupees) * Volume in millions of traded shares

INDICATORS	Wednesday	Previous	Change
KSE 100-SHARE INDEX (Points)	159,578.19	161,281.77	▼ 1,703.58
KSE 30-SHARE INDEX (Points)	48,368.92	48,994.96	▼ 626.04
MARKET CAPITAL (Rs billion)	18,271.363	18,472.173	▼ 200.809
TRADING VALUE (Rs billion)	34.847	37.314	▼ 2.466

ACTIVITY

Total listed	532
Active	481
Gainers	158
Losers	278

PARTICIPANTS

Foreign	▼$2.74m
Companies	▲$0.60m
Banks	▲$1.27m
Mutual Funds	▼$8.48m
Individuals	▲$10.58m